



A Study on Information Technology with specific focus on IT Service Management

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Introduction

The Information Technology industry provides the foundation for chip production, communication systems, and computer systems. Tech companies are the businesses which develop and manufacture the products which drive the increasing efficiency of the world. Such products include cellphones, televisions, computer systems, as well as other communication and information systems. It is a large industry with vast growth potential, but globalization is increasing making it somewhat volatile as new impressive entrants are funneling in.

Research Methodology

Primary Objective:

- The main objective of this study is doing a depth analysis of IT Industry with specific focus on ITSM

Secondary Objective:

- To study the external environment factor affecting IT Industry in India.
- To study the status of deferent IT company in Indian Market.
- To study the attractiveness of Indian IT Industry in Indian.
- To understand the size and growth of IT companies in India.

Collection of Data:

- Data Type:
- Secondary Data
- Limitation:
- Time Constraint
- The research is totally base on secondary Data

A Study of this type can not be without limitations. It has been observed that IT Industry is fast moving and keep changing technology and statistic. This attitude has been a major hurdle in data collection.

Research Design and Instrument

In India there is not more structured information on IT Industry. Even the no of research papers available is very limited. The research design used is descriptive in nature. (The attempt has been made to collect maximum facts and figures available on the availability of IT Service in India.)

This research is based on secondary data collected from the published material. The data was also collected from the publications and internet uploads for IT industry.

Study of World Market

3.1 Global Scenario of Industry

As 2008 ended, predictions of where the world economy is heading turned dire. The World Bank projected world output to grow by a mere point nine per cent in 2009 (as compared with two point five per cent in 2008 and a high of four per cent in 2006) and world trade

to contract by a significant two point one per cent (compared to positive rates of growth of six point two per cent in 2008 and a high of nine point eight per cent in 2006). Asia Pac is likely to witness a sharper fall in the growth rate, i.e. from thirteen point four per cent in 2007 to five point five per cent in 2010E in comparison to the world growth estimated at Six point two per cent in 2010E from the 2007 figures of Nine point seven per cent. The overall impact of the global financial crisis has been felt in Asia / Pacific in terms of the local stock exchanges and currency exchange rates and lower GDP growth forecasts for 2009.

3.2 Characteristics of Global IT Industry

With the advent of the information era, IT and the information industry are becoming the main stimuli of world economy, driving the transformation from industrial society to information society, while causing the institutional reform and changing the realistic economic activities and social life. Just as what Okinawa Charter on Global information Society points out: information and communications technology is one of the most potent forces in shaping the twenty-first century. Its revolutionary impact affects the way people live, learn and work and the way government interact with civil society. IT is fast becoming a vital engine of growth for the world economy.

Technical changes

The technology of telephony and computing has created an increasingly mobile environment where communications and connectivity are expected anytime and anyplace. Society has become accustomed to connectivity that provides access to information on demand in all aspects of every day life. Demand for connectivity to full network service anytime and anyplace has resulted in enormous growth in wireless networks in the last few years comparable to the explosive growth of the Internet in the '90s. Over one billion people have access to the Internet today by wired and wireless access and it is predicted that over two billion people will have wireless access to the Internet by 2010.

Investment

The productivity paradox refers to the contradictory evidence surrounding changes in firm-level productivity associated with IT investments. Productivity measures the ratio of outputs, such as the number of manufactured units, to one or more inputs, such as labor and cost of raw materials. If IT has a positive effect on productivity, then more output should be generated for the same level of input. If IT has a negative effect on productivity, then less output would be expected for the same level of input. IT usage has the potential to lower the costs of raw material transformation and to increase output per dollar of labor. However, productivity gains associated with IT investment have been difficult to disaggregate from other firm-level effects.

IT Risk and IT Fraud

Meanwhile, banks – the custodians of most of our cash - are offering their customers new and more convenient ways to manage funds. Telephone banking, Internet banking and Mobile banking have been

added to traditional branch service delivery. In each case, the goal is to deliver information and payment services as quickly as possible. Moreover, every time a new delivery channel or payment service is made available, it has to be secured with encryption, usernames, passwords and PINs. This means more identity information that must be remembered, recorded and stored, compounding the already large amounts of data with the potential for compromise.

Study of India Market

4.1 History of IT Industry in India

The Indian Government acquired the EVS EM computers from the Soviet Union, which were used in large companies and research laboratories. In 1968 Tata Consultancy Services established in SEEPZ, Mumbai by the Tata Group—were the country's largest software producers during the 1960s. As an outcome of the various policies of Jawaharlal Nehru (office: 15 August 1947 – 27 May 1964) the economically beleaguered country was able to build a large scientific workforce, third in numbers only to that of the United States of America and the Soviet Union. On 18 August 1951 the minister of education Maulana Abul Kalam Azad, inaugurated the Indian Institute of Technology at Kharagpur in West Bengal. Possibly modeled after the Massachusetts Institute of Technology these institutions were conceived by a 22 member committee of scholars and entrepreneurs under the chairmanship of N. R. Sarkar.

4.2 Indian Scenario of IT Industry

Indian Information Technology (IT) industry not in downturn any more, it is growing and in progressive way. Today everyone is talking about recession and future of IT aspirants and getting jobs in IT industry. Actual trends shows that the IT industry in India is in still growth in recession, but the percentage of growth compared to previous year is decreased. The status of world economies varies from country to country. Rich nations normally enjoy a flourishing economy whereas poorer nations have to survive trying to meet their basic needs. In the present situation, the recession has affected the economy of the rich nations. Developing countries like India not that much affected due to recession.

Presently, due to the recession, even the developed countries are facing unemployment. Developing economies have always faced unemployment due to their over population and lack of proper technology to tap the natural resources to their maximum.

4.3 Growth and Evolution of IT Industry in India

Information Technology in India has been outstanding, bright & very evolutionary whereas the futurists also predict it to grow further with healthy growth. Going backwards the country has earned noteworthy development & evolutions via various segments like government support, IT industries & hubs, outsourcing's emergence in various aspects, new world-class device makers grounding in India and so on.

As per government data, IT-ITeS exports are estimated to have risen by twenty three point four per cent at about Rs. 4.11 lakh crore in the current fiscal from Rs 3.32 lakh crore in the 2011-12 fiscal.

The government in the National Policy on Information Technology (NPIT) 2012 envisages increasing IT industry revenues, through exports as well as the domestic market, from \$100 billion to \$300 billion by 2020.

Product Profile

IT service management or IT service support management (ITSM or ITSSM) ITSM refers to the implementation and management of quality information technology services. IT service management is performed by IT service providers through people, process and information technology. The following represents a characteristic statement from the ITSM literature:

Providers of IT services can no longer afford to focus on technology and their internal organization they now have to consider the quality of the services they provide and focus on the relationship with

customers.

Information Technology Infrastructure Library

The current version of the ITIL framework is the 2011 edition. The 2011 edition, published in July 2011, is a revision of the previous edition known as ITIL version 3 (published in June 2007). It was a major upgrade from version 2 (2001). Whereas version 2 was process oriented (split into two groups: service support and service delivery), version 3 is service oriented. Since ITIL V3, the various ITIL processes are grouped into five stages of the service lifecycle: service strategy, service design, service transition, service operation and continual service improvement (or CSI).

The key principles of IT Service Management and provides a high-level overview of each of the core publications within ITIL:

- Service Strategy
- Service Design
- Service Transition
- Service Operation
- Continual Service Improvement.

Demand Determination Of the Industry

6.1 Implications of Declining IT Prices

The rapid and continuing decline in the cost of computing and increases in the power and Variety of computer systems is an exogenous and powerful change in the environment of the firm.

As computers have become faster, smaller, cheaper, more flexible, and easier to network together, the quality-adjusted real price of computers has been declining at a compound rate of about 20 percent per year through the mid-1990s. These changes and similar changes in technical Complements to computers lead to very rapidly growing demand for IT. The growth in demand means that firms must regularly readjust their computer capital stocks.

6.2 Penetration Level

Internet penetration and e-commerce: Consumption/demand side
The Internet revolutionizes consumer choice and service delivery processes. Increasingly customers have become more sophisticated and discerning, experiencing high levels of service. Consumers in developed countries increasingly rely heavily on electronic media to obtain information about products and services, and to communicate their needs and wishes to suppliers rapidly.

6.3 Availability of Finance

IT-ITeS sector in India, with the main focus on increasing technology adoption, and developing new delivery platforms, has aggregated revenues of USD 88.1 billion in FY2011, while generating direct employment for over 2.5 million people. Out of 88.1 billion, export revenues (including Hardware) has reached USD 59.4 billion in FY2011 while domestic revenues (including Hardware) of about USD 28.8 billion.

PESTEL Analysis

PESTEL Analysis

In order to gain insight into the macro environment, a DEPEST analysis of the overall industry must be done. This analysis looks at the demographic, economic, political, environmental, social, and technological trends in the industry. We then look to see which trends are in multiple categories, we call these trends at the intersection.

POLITICAL FACTORS:-

- This is political factors which affect a business which can be government rules a deregulation toward that particular business environment.
- For IT industry the Indian political structure is stable, but there are fears of hung parliament due to a lack of clear majority in parliament creating fear of wrong investing in the minds of investor thereby reducing capital.
- U.S government has declared that U.S firm that outsource IT

works outside the U.S will not get tax benefits, this has caused reduction in U.S BPO contract from the U.S in the last fiscal year.

POLITICAL STABILITY: _

- India suffered political instability for a few years due to the failure of any party to win an absolute majority in Parliament.
- However, political stability has returned since the previous general elections in 1999. However, political instability did not change India's economic course though it delayed certain decisions relating to the economy.

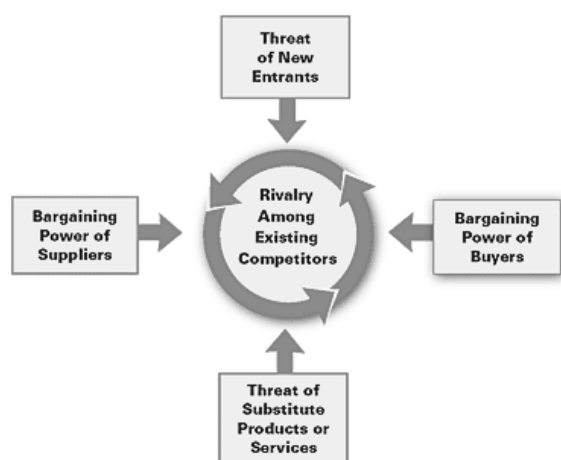
The political divide in India is not one of policy, but essentially of personalities. Economic liberalization has been accepted as a necessity by all parties including the Communist Party of India (Marxist). **ECONOMICAL FACTORS**

- These includes factors affecting IT industry ranging from rising working pay, global recession, competition, contract availability and fee.
- Domestic IT spending grew by 20% and reached \$20 billion in 2009. Currency fluctuations caused by the devaluation of the dollar has affected the industry during the last global recession.
- Real estate prices decline resulted in rental expenditure forcing customer to leave luxuries goods such as electronic and computers that need software to work.
- Recession cause low attribute rate due to job layouts and job cuts. India economic attraction has helped in convincing investors due to low cost advantage.
- With India's global IT spending yet to decline due to entry of new IS companies and the cause of the recession. With clients industry faced with reduction of work force due to job layoffs and unsuitable balance sheet most companies have decided not to make much expenditure in purchase, but make optimum use of existing facilities to make profits.

Porter's Five Forces Model

Porter's Five Forces Model

The Five Forces That Shape Industry Competition



Bargaining Power of Buyers: In an industry as massive as Information Technology, the term "buyers" refers to almost everyone in the world. While there are countries that are behind technologically, a majority of locations in the world have access to computers and the internet etc. Given the large number of buyers, it is safe to say that the customers control the IT industry. There are so many

choices for a buyer (many firms in this industry) and there are minimal switching costs, so customers aren't typically "locked in" to one firm. Also, because a lot of IT sales come from companies that make large purchases, those companies are powerful and important to the IT firms (who often provide incentives to these businesses, in order to convince them to utilize their products over competitors). Customers are sensitive to price, but IT products and services are necessary to the success of businesses, so they are willing to spend a lot of money to get a good product. There are typically many interactions between buyers and IT companies because of the need for training to use products, constantly upgraded technology and an abundance of advertising.

Bargaining Power of Suppliers: Although companies like Intel and AMD are a part of the IT industry, for the purpose of this project I will be classifying those companies as suppliers to the IT industry's firms. The inputs in this industry are pretty standard, with differences being speed, memory etc. Though the inputs are standard, new companies find it difficult (not impossible) to enter this industry as a supplier because of the existing relationships between current suppliers and IT firms, the ever changing and improving technologies of the world and the intense rivalry between existing players. IT firms are very important to suppliers because they are their primary customers, but I believe suppliers are even more important to buyers (IT firms). Suppliers are not "locked" into deals with specific firms (contracts exempt), but most of the relationships between the firms and suppliers in this industry are well established, and these suppliers would most likely not want to end their relationships with firms in the first place.

Conclusion

Advances in IT are producing many changes in our society. These changes have produced many benefits, but they have also raised several concerns. Innovations in IT have created new jobs, promoted the growth of new markets, and increased international trade and investment.

However, the expansion of IT also introduces costs. Workers in certain sectors of the economy lose their jobs as innovations in IT create a greater demand for high-tech workers and introduce efficiencies that make jobs obsolete. Another negative consequence of the IT revolution is the inequitable distribution of access to IT, called the digital divide.

If the new technologies are to fulfill their promise, these costs and concerns will need to be addressed. Experience with previous technologies suggests that prudent policies can help us effectively manage the risks associated with new technologies without harm to their benefits. Experience also suggests that the required policies must be developed through close consultation between government and private sector experts and stakeholders.

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